

Governor Announces K-12 Education Funding Plan, Receives Senate Support

Plan Diverts Existing Casino Taxes, Oil and Gas Severance Taxes to K-12 Education

(Jackson, MS) Keeping a pledge to divert more “real money” to public schools, Governor Haley Barbour today announced a plan that would use \$75 million in existing taxes and designate them for K-12 education. The move would restore almost half of a projected \$161 million funding shortfall in Mississippi’s public schools for FY ‘05. Governor Barbour announced the plan alongside Lt. Governor Amy Tuck and several Mississippi Senators and Representatives who will be supporting the plan.

The Governor’s plan would move \$54 million, or 25% of existing casino taxes, and move them to the General Fund to be designated for education. In addition to this measure, Governor Barbour accepted two provisions of the House of Representative’s Budget Plan – diverting \$19 million of existing oil and gas severance taxes to public schools and providing a “Tax Amnesty Day” to State taxpayers to collect an estimated \$2 million in additional school funds.

The Governor noted that in the midst of Mississippi's worst budgetary crisis in decades he was committed to restoring as much funding as possible to Mississippi's schools. "This plan will fund teacher pay raises and keep our classrooms from having to endure major cuts. This extra money means that we can fund the teacher pay raise and school districts will only have to save less than 5% of their overall budgets in the upcoming fiscal year," said Governor Barbour. "Having to save less than 5% out of a budget before the beginning of a fiscal year is not ideal, but it is manageable. What is not manageable is 'funding' our schools with money that doesn't exist and then coming back in the middle of a school year and telling school leaders they have to cut," he added.

Governor Barbour criticized other education funding plans that raised taxes and fees and arbitrarily raised Mississippi's revenue estimate in an effort to supposedly "fully-fund" education. "To pull Mississippi out of this budget crisis in two years as I plan, we will have to make tough choices like this one. But I am proud to say that this plan is funded with real money. The Legislature and I were elected to go to Jackson and make difficult choices for the betterment of our State - that's leadership," said Barbour. "Using 'funny money', raising taxes and writing a hot check to Mississippi schools is not leadership," he added.

All casino taxes were originally meant for Mississippi's General Fund. In 1997, lawmakers earmarked 25% of casino taxes to fund roads near casinos. However, those taxes are currently not funding new road projects, but rather paying the debt service on existing roads. The Governor's plan would move them back to the General Fund as originally intended.

Governor Barbour will brief legislative leaders on his plan in the coming days as budget-writers struggle with the State's \$700 million shortfall.

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